

106TH CONGRESS
2D SESSION

H. R. 4697

IN THE SENATE OF THE UNITED STATES

JULY 26, 2000

Received; read twice and referred to the Committee on Foreign Relations

AN ACT

To amend the Foreign Assistance Act of 1961 to ensure that United States assistance programs promote good governance by assisting other countries to combat corruption throughout society and to promote transparency and increased accountability for all levels of government and throughout the private sector.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “International Anti-Cor-
5 ruption and Good Governance Act of 2000”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds the following:

8 (1) Widespread corruption endangers the sta-
9 bility and security of societies, undermines democ-
10 racy, and jeopardizes the social, political, and eco-
11 nomic development of a society.

12 (2) Corruption facilitates criminal activities,
13 such as money laundering, hinders economic devel-
14 opment, inflates the costs of doing business, and un-
15 dermines the legitimacy of the government and pub-
16 lic trust.

17 (3) In January 1997 the United Nations Gen-
18 eral Assembly adopted a resolution urging member
19 states to carefully consider the problems posed by
20 the international aspects of corrupt practices and to
21 study appropriate legislative and regulatory meas-
22 ures to ensure the transparency and integrity of fi-
23 nancial systems.

24 (4) The United States was the first country to
25 criminalize international bribery through the enact-

1 ment of the Foreign Corrupt Practices Act of 1977
2 and United States leadership was instrumental in
3 the passage of the Organization for Economic Co-
4 operation and Development (OECD) Convention on
5 Combatting Bribery of Foreign Public Officials in
6 International Business Transactions.

7 (5) The Vice President, at the Global Forum on
8 Fighting Corruption in 1999, declared corruption to
9 be a direct threat to the rule of law and the Sec-
10 retary of State declared corruption to be a matter of
11 profound political and social consequence for our ef-
12 forts to strengthen democratic governments.

13 (6) The Secretary of State, at the Inter-Amer-
14 ican Development Bank's annual meeting in March
15 2000, declared that despite certain economic
16 achievements, democracy is being threatened as citi-
17 zens grow weary of the corruption and favoritism of
18 their official institutions and that efforts must be
19 made to improve governance if respect for demo-
20 cratic institutions is to be regained.

21 (7) In May 1996 the Organization of American
22 States (OAS) adopted the Inter-American Conven-
23 tion Against Corruption requiring countries to pro-
24 vide various forms of international cooperation and

1 assistance to facilitate the prevention, investigation,
2 and prosecution of acts of corruption.

3 (8) Independent media, committed to fighting
4 corruption and trained in investigative journalism
5 techniques, can both educate the public on the costs
6 of corruption and act as a deterrent against corrupt
7 officials.

8 (9) Competent and independent judiciary,
9 founded on a merit-based selection process and
10 trained to enforce contracts and protect property
11 rights, is critical for creating a predictable and con-
12 sistent environment for transparency in legal proce-
13 dures.

14 (10) Independent and accountable legislatures,
15 responsive political parties, and transparent electoral
16 processes, in conjunction with professional, account-
17 able, and transparent financial management and
18 procurement policies and procedures, are essential to
19 the promotion of good governance and to the combat
20 of corruption.

21 (11) Transparent business frameworks, includ-
22 ing modern commercial codes and intellectual prop-
23 erty rights, are vital to enhancing economic growth
24 and decreasing corruption at all levels of society.

1 (12) The United States should attempt to im-
2 prove accountability in foreign countries, including
3 by—

4 (A) promoting transparency and account-
5 ability through support for independent media,
6 promoting financial disclosure by public offi-
7 cials, political parties, and candidates for public
8 office, open budgeting processes, adequate and
9 effective internal control systems, suitable fi-
10 nancial management systems, and financial and
11 compliance reporting;

12 (B) supporting the establishment of audit
13 offices, inspectors general offices, third party
14 monitoring of government procurement proc-
15 esses, and anti-corruption agencies;

16 (C) promoting responsive, transparent, and
17 accountable legislatures that ensure legislative
18 oversight and whistle-blower protection;

19 (D) promoting judicial reforms that crim-
20 inalize corruption and promoting law enforce-
21 ment that prosecutes corruption;

22 (E) fostering business practices that pro-
23 mote transparent, ethical, and competitive be-
24 havior in the private sector through the develop-
25 ment of an effective legal framework for com-

1 merce, including anti-bribery laws, commercial
 2 codes that incorporate international standards
 3 for business practices, and protection of intel-
 4 lectual property rights; and

5 (F) promoting free and fair national, state,
 6 and local elections.

7 (b) PURPOSE.—The purpose of this Act is to ensure
 8 that United States assistance programs promote good gov-
 9 ernance by assisting other countries to combat corruption
 10 throughout society and to improve transparency and ac-
 11 countability at all levels of government and throughout the
 12 private sector.

13 **SEC. 3. DEVELOPMENT ASSISTANCE POLICIES.**

14 (a) GENERAL POLICY.—Section 101(a) of the For-
 15 eign Assistance Act of 1961 (22 U.S.C. 2151(a)) is
 16 amended in the fifth sentence—

17 (1) by striking “four” and inserting “five”;

18 (2) in paragraph (3), by striking “and” at the
 19 end;

20 (3) in paragraph (4), by striking the period at
 21 the end and inserting “; and”; and

22 (4) by adding at the end the following:

23 “(5) the promotion of good governance through
 24 combating corruption and improving transparency
 25 and accountability.” .

1 (b) DEVELOPMENT ASSISTANCE POLICY.—Para-
 2 graph (4) of the third sentence of section 102(b) of the
 3 Foreign Assistance Act of 1961 (22 U.S.C. 2151–1(b))
 4 is amended—

5 (1) in subparagraph (E), by striking “and” at
 6 the end;

7 (2) in subparagraph (F), by striking the period
 8 at the end and inserting “; and”; and

9 (3) by adding at the end the following:

10 “(G) progress in combating corruption and
 11 improving transparency and accountability in
 12 the public and private sector.”.

13 **SEC. 4. DEPARTMENT OF THE TREASURY TECHNICAL AS-**
 14 **SISTANCE PROGRAM FOR DEVELOPING**
 15 **COUNTRIES.**

16 Section 129(b) of the Foreign Assistance Act of 1961
 17 (22 U.S.C. 2151aa(b)) is amended by adding at the end
 18 the following:

19 “(3) EMPHASIS ON ANTI-CORRUPTION.—Such
 20 technical assistance shall include elements designed
 21 to combat anti-competitive, unethical and corrupt
 22 activities, including protection against actions that
 23 may distort or inhibit transparency in market mech-
 24 anisms and, to the extent applicable, privatization
 25 procedures.”.

1 **SEC. 5. AUTHORIZATION OF GOOD GOVERNANCE PRO-**
2 **GRAMS.**

3 (a) IN GENERAL.—Chapter 1 of part I of the Foreign
4 Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amend-
5 ed by adding at the end the following:

6 **“SEC. 131. PROGRAMS TO ENCOURAGE GOOD GOVERN-**
7 **ANCE.**

8 “(a) ESTABLISHMENT OF PROGRAMS.—

9 “(1) IN GENERAL.—The President is author-
10 ized to establish programs that combat corruption,
11 improve transparency and accountability, and pro-
12 mote other forms of good governance in countries
13 described in paragraph (2).

14 “(2) COUNTRIES DESCRIBED.—A country de-
15 scribed in this paragraph is a country that is eligible
16 to receive assistance under this part (including chap-
17 ter 4 of part II of this Act) or the Support for East
18 European Democracy (SEED) Act of 1989.

19 “(3) PRIORITY.—In carrying out paragraph (1),
20 the President shall give priority to establishing pro-
21 grams in countries that received a significant
22 amount of United States foreign assistance for the
23 prior fiscal year, or in which the United States has
24 a significant economic interest, and that continue to
25 have the most persistent problems with public and
26 private corruption. In determining which countries

1 have the most persistent problems with public and
2 private corruption under the preceding sentence, the
3 President shall take into account criteria such as the
4 Transparency International Annual Corruption Per-
5 ceptions Index, standards and codes set forth by the
6 International Bank for Reconstruction and Develop-
7 ment and the International Monetary Fund, and
8 other relevant criteria.

9 “(4) REQUIREMENT.—Assistance provided for
10 countries under programs established pursuant to
11 paragraph (1) may be made available notwith-
12 standing any other provision of law that restricts as-
13 sistance to foreign countries (other than section
14 620A of this Act or any other comparable provision
15 of law).

16 “(b) SPECIFIC PROJECTS AND ACTIVITIES.—The
17 programs established pursuant to subsection (a) shall in-
18 clude, to the extent appropriate, projects and activities
19 that—

20 “(1) support responsible independent media to
21 promote oversight of public and private institutions;

22 “(2) implement financial disclosure among pub-
23 lic officials, political parties, and candidates for pub-
24 lic office, open budgeting processes, and transparent
25 financial management systems;

1 “(3) support the establishment of audit offices,
2 inspectors general offices, third party monitoring of
3 government procurement processes, and anti-corruption
4 agencies;

5 “(4) promote responsive, transparent, and accountable
6 legislatures that ensure legislative oversight and whistle-blower
7 protection;

8 “(5) promote legal and judicial reforms that
9 criminalize corruption and law enforcement reforms
10 and development that encourage prosecutions of
11 criminal corruption;

12 “(6) assist in the development of a legal framework
13 for commercial transactions that fosters business practices
14 that promote transparent, ethical, and competitive behavior
15 in the economic sector, such as commercial codes that
16 incorporate international standards and protection of intellectual
17 property rights;
18 rights;

19 “(7) promote free and fair national, state, and
20 local elections;

21 “(8) foster public participation in the legislative
22 process and public access to government information;
23 and

24 “(9) engage civil society in the fight against
25 corruption.

1 “(c) CONDUCT OF PROJECTS AND ACTIVITIES.—
2 Projects and activities under the programs established
3 pursuant to subsection (a) may include, among other
4 things, training and technical assistance (including draft-
5 ing of anti-corruption, privatization, and competitive stat-
6 utory and administrative codes), drafting of anti-corrup-
7 tion, privatization, and competitive statutory and adminis-
8 trative codes, support for independent media and publica-
9 tions, financing of the program and operating costs of
10 nongovernmental organizations that carry out such
11 projects or activities, and assistance for travel of individ-
12 uals to the United States and other countries for such
13 projects and activities.

14 “(d) ANNUAL REPORT.—

15 “(1) IN GENERAL.—The President shall pre-
16 pare and transmit to the Committee on Inter-
17 national Relations of the House of Representatives
18 and the Committee on Foreign Relations of the Sen-
19 ate an annual report on—

20 “(A) projects and activities carried out
21 under programs established under subsection
22 (a) for the prior year in priority countries iden-
23 tified pursuant to subsection (a)(3); and

24 “(B) projects and activities carried out
25 under programs to combat corruption, improve

1 transparency and accountability, and promote
2 other forms of good governance established
3 under other provisions of law for the prior year
4 in such countries.

5 “(2) REQUIRED CONTENTS.—The report re-
6 quired by paragraph (1) shall contain the following
7 information with respect to each country described
8 in paragraph (1):

9 “(A) A description of all United States
10 Government-funded programs and initiatives to
11 combat corruption and improve transparency
12 and accountability in the country.

13 “(B) A description of United States diplo-
14 matic efforts to combat corruption and improve
15 transparency and accountability in the country.

16 “(C) An analysis of major actions taken by
17 the government of the country to combat cor-
18 ruption and improve transparency and account-
19 ability in the country.

20 “(e) FUNDING.—Amounts made available to carry
21 out the other provisions of this part (including chapter 4
22 of part II of this Act) and the Support for East European
23 Democracy (SEED) Act of 1989 shall be made available
24 to carry out this section.”.

1 (b) DEADLINE FOR INITIAL REPORT.—The initial
2 annual report required by section 131(d)(1) of the Foreign
3 Assistance Act of 1961, as added by subsection (a), shall
4 be transmitted not later than 180 days after the date of
5 the enactment of this Act.

Passed the House of Representatives July 25, 2000.

Attest:

Jeff Trandahl

Clerk.